

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Abraham & Alfrey, P.C.</i>			Date <i>John R. K.</i>	

**Maple Grove Cemetery Authority
Ovid, Michigan**

FINANCIAL STATEMENTS

December 31, 2004

Maple Grove Cemetery Authority

Ovid, Michigan

BOARD OF TRUSTEES

December 31, 2004

Mr. Larry Ordiway	Chairperson
Ms. Carolyn Stilwell	Secretary
Ms. Ofelia Padilla	Member
Mr. Waneta Byrnes	Member
Mr. Charles Simpson	Member
Mr. Paul Dutton	Member

Maple Grove Cemetery Authority

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Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
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Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA

Karen A. Roka, CPA
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ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

Member:
American Institute of
Certified
Public Accountants
and
Michigan Association of
Certified Public
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Maple Grove Cemetery Authority
Ovid, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Maple Grove Cemetery Authority as of and for the year ended December 31, 2004, which collectively comprise the Cemetery's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Maple Grove Cemetery Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the governmental activities and the major fund of the Maple Grove Cemetery Authority as of December 31, 2004, and the change in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Cemetery has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2004, along with all related statements and interpretations.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 1, 2005

Maple Grove Cemetery Authority

Management's Discussion and Analysis - 2004

New Financial Reporting

Starting with the year ended December 31, 2004, the Maple Grove Cemetery Authority, (the "Authority") has revised and improved its financial reporting document. These changes are a result of standards set by the Governmental Accounting Standards Board (GASB). The intent of these new standards is to provide citizens and taxpayers with a better understanding of how the Authority's money and other assets are managed.

The new standards set by GASB are intended to give the reader of this annual financial report a better understanding of the financial status of the Authority. The new standards (GASB Statement #34) introduce accounting rules and systems that are common in the private sector. This report presents a much broader picture of the Authority's financial status. Through this comprehensive reporting of assets and liabilities, the reader should have a greater understanding of the Authority's financial health.

The discussion and analysis of financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2004. Please read it in conjunction with the Authority's financial statements, which will immediately follow this section.

Comparative analysis will be provided in future years and it is not required in the first year of implementation of GASB 34.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2004:

- The assets of the Authority exceeded its liabilities at the end of the most recent fiscal year by \$73,241 (net assets) at the government-wide level.
- The Authority's total net assets increased by \$12,366, as a result of current year activity at the government-wide level.
- Burial revenues totaled \$15,430, a significant increase from the previous year. Much of this increase was a result of an increase in the number of burials in 2004 and an increase in the fee.
- Unrestricted Fund Balance decreased as result of expenditures exceeding revenues in the current year at the fund level.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year.

The fund financial statements present a short-term view; they tell us how the Authority's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Authority in more detail than the government-wide financial statements by providing information about the Authority's most significant fund.

Maple Grove Cemetery Authority

Management's Discussion and Analysis - 2004

The Authority as a Whole

The following table shows, in a condensed format, the net assets as of December 31, 2004. A comparative analysis of data will be presented in future years.

Assets	
Current assets	\$ 32,520
Noncurrent assets	<u>54,222</u>
Total assets	86,742
Liabilities	
Current liabilities	<u>13,501</u>
Net Assets	
Invested in capital assets, net of related debt	40,749
Unrestricted	<u>32,492</u>
Total net assets	<u>\$ 73,241</u>

Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$32,492 at December 31, 2004. The net assets invested in capital assets, net of related debt were \$40,749. The management's discussion and analysis will present a condensed comparative statement of net assets next year when there are two years of statements in the GASB Statement No. 34 format.

The following table shows the changes in net assets during the current year. Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB Statement No. 34.

Revenues	
Charges for Services	\$ 22,522
Operating grants and contributions	17,139
Interest	200
Miscellaneous	<u>1,415</u>
Total revenues	41,276
Program Expenses	
Authority services/operation	<u>28,910</u>
Change in Net Assets	<u>\$ 12,366</u>

Governmental Activities

The Authority's governmental revenues totaled \$41,276, with the greatest revenue source being charges for services related to cemetery operations. These revenues make up approximately 55% percent of total governmental revenue. The other most significant revenue source was intergovernmental revenues. This type of revenue was \$14,589, or approximately 35% of revenues.

The Authority incurred expenses of \$28,910 during the year at the government-wide level. As a special purpose government, all of the governmental expenses incurred are associated with the Authority service function.

Maple Grove Cemetery Authority

Management's Discussion and Analysis - 2004

The Authority's Fund

The analysis of the Authority's fund begins on page 3, following the government-wide financial statements. The fund financial statements provide detailed information about the specific fund, not the Authority as a whole. The Authority's Board of Trustees may create funds to help manage money for specific purposes as well as to show accountability for certain activities. The Authority's only fund for the fiscal year ended December 31, 2004 was the General Fund.

The General Fund pays for the Authority's governmental services. The sole service provided during the fiscal year was Authority services, which incurred expenditures of \$43,426 for the fiscal year at the fund level.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Authority Board made necessary line-item budget adjustments to fund unanticipated expenditures during the year. Overall, there were no budgetary amendments made that affected total budgetary revenues or expenditures.

Capital Assets and Debt Administration

At the end of the year, the Authority had \$63,961 invested in a broad range of capital assets, including buildings and improvements, land, and furniture and equipment. These various assets had accumulated depreciation at year-end totaling \$9,739 resulting in a reported net book value within the financial statements of \$54,222.

The Authority issued no new debt during the fiscal year. At year-end the Authority had one remaining debt payment outstanding on a land contract which was dated in 2002. The balance, \$13,473 was the only long-term debt outstanding and it is due and payable by December 18, 2005, so therefore is considered a current liability in the audited financial statements.

Contacting the Authority's Management

This financial report is intended to provide our citizens and taxpayers with a general overview of the Authority's finances and demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Authority's office at 114 East Front Street, P.O. Box 138, Ovid, Michigan 48866. Phone: (989) 834-5508.

BASIC FINANCIAL STATEMENTS

Maple Grove Cemetery Authority

STATEMENT OF NET ASSETS

December 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 32,520
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>54,222</u>
TOTAL ASSETS	86,742
LIABILITIES	
Current liabilities	
Accounts payable	28
Current portion of land contract payable	<u>13,473</u>
TOTAL LIABILITIES	<u>13,501</u>
NET ASSETS	
Invested in capital assets, net of related debt	40,749
Unrestricted	<u>32,492</u>
TOTAL NET ASSETS	<u><u>\$ 73,241</u></u>

See accompanying notes to financial statements.

Maple Grove Cemetery Authority

STATEMENT OF ACTIVITIES

Year Ended December 31, 2004

Function/Program	Expenses	Program Revenues		Net Revenue and Change in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
General government				
Cemetery services/operation	<u>\$ 28,910</u>	<u>\$ 22,522</u>	<u>\$ 17,139</u>	\$ 10,751
General Revenues				
Interest				200
Miscellaneous				<u>1,415</u>
TOTAL GENERAL REVENUES				<u>1,615</u>
CHANGE IN NET ASSETS				12,366
Net Assets, beginning of year				<u>60,875</u>
Net Assets, end of year				<u>\$ 73,241</u>

See accompanying notes to financial statements.

Maple Grove Cemetery Authority

GOVERNMENTAL FUND BALANCE SHEET

December 31, 2004

	<u>Special Revenue</u>
ASSETS	
Cash and cash equivalents	<u>\$ 32,520</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 28
FUND BALANCE	
Fund balances	
Unreserved	
Undesignated	<u>32,492</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 32,520</u>

See accompanying notes to financial statements.

Maple Grove Cemetery Authority

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS

December 31, 2004

Total fund balance - governmental funds \$ 32,492

Amounts reported for the governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 63,961	
Accumulated depreciation is	<u>(9,739)</u>	54,222

Long-term liabilities, are not due and payable in the current period and therefore
are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Land contract payable	<u>(13,473)</u>
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Net assets of governmental activities \$ 73,241

See accompanying notes to financial statements.

Maple Grove Cemetery Authority

Special Revenue Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND

Year Ended December 31, 2004

REVENUES

Intergovernmental - local	\$ 14,589
Charges for services	22,522
Interest	200
Other	<u>3,965</u>

TOTAL REVENUES 41,276

EXPENDITURES

Current	
General government	26,325
Debt service	14,551
Capital outlay	<u>2,550</u>

TOTAL EXPENDITURES 43,426

EXCESS OF REVENUES
(UNDER) EXPENDITURES (2,150)

Fund balance, beginning of year 34,642

Fund balance, end of year \$ 32,492

See accompanying notes to financial statements.

Maple Grove Cemetery Authority

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

December 31, 2004

Net change in fund balances - total governmental funds \$ (2,150)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,550	
Depreciation expense	<u>(510)</u>	
Excess of capital outlay over depreciation expense		2,040

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net assets.

In the current year, these amounts consist of:

Land contract principal retirement	<u>12,476</u>
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Change in net assets of governmental activities \$ 12,366

See accompanying notes to financial statements.

Maple Grove Cemetery Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: DESCRIPTION OF CEMETERY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Under Public Act 215 of 1937, as amended by Public Act 366 of 1980, MCL 128.2, the Village of Ovid and the Townships of Ovid and Middlebury created the Maple Grove Cemetery Authority. Public Act 215 defines the Cemetery's legal status as "an Authority under Section 6 of Article IX of the State Constitution of 1963" thereby classifying the Cemetery as a Michigan Municipal Corporation. The Authority has no stockholders, and all monies received are to be used for certain specified purposes in accordance with the by-laws of the Cemetery.

The governing body of the Authority is a board which is comprised of six (6) members; two (2) appointed by the Village of Ovid, two (2) appointed by the Township of Ovid, and two (2) appointed by the Township of Middlebury for a term of one (1) year.

The Maple Grove Cemetery Authority's goal is to acquire, own, operate, maintain and sell real and personal property used for purposes of a cemetery or burial ground in the Ovid area. The majority of the Authority's revenue is derived from charges for services which are charged to each individual for lot sales, burials, etc. Each municipality involved shall provide an equal annual per capita amount for its portion of the anticipated expenditure amount over anticipated revenues, if needed.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present all financial activities of the Maple Grove Cemetery Authority. The Maple Grove Cemetery Authority has no activities that would be classified as component units.

2. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities (the Government-wide statements) present information for the Authority as a whole.

The statement of activities presents the direct functional expenses of the Authority and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operations or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all appropriations, interest, and other general revenues and shows how governmental functions are either self-financing or supported by the general revenues of the Authority.

FUND FINANCIAL STATEMENTS

The General fund is presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of this fund present increases (i.e., revenues) and decreases (i.e., expenditures) in net current assets.

The major fund of the Authority is:

- a. General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources.

Maple Grove Cemetery Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Measurement Focus

The government-wide financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

4. Basis of Accounting

Basis of accounting refers to the timing under which transactions are recognized for financial reporting purposes. Governmental fund financial statements use the modified accrual basis of accounting. The Government-wide financial statements are prepared using the accrual basis of accounting.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Revenues for grants, entitlements, and donations are recognized when all eligibility requirements imposed by the provider have been met. Deferred revenue is recorded when resources are received by the Cemetery before it has legal claim to them, such as when grant monies are received prior to the incurrence of qualified expenditures.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues susceptible to accrual include property taxes, state and federal aid, and interest revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are recorded when due.

5. Budget and Budgetary Accounting

The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the Governmental Fund.

The Cemetery does not maintain a formalized encumbrance accounting system. All annual appropriations lapse at fiscal year end.

The Cemetery follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Cemetery prepares the proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and resources to finance them.
- b. Prior to incurring significant expenditures, the budget is legally enacted through Cemetery Board action.
- c. The budget is legally adopted at the total expenditure level; however, it is maintained at the account level for control purposes.
- d. Budgeted amounts are reported as originally adopted or amended by the Cemetery Board during the year.

Maple Grove Cemetery Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Cash and cash equivalents

Cash consisted of savings and checking accounts.

7. Capital Assets

Capital assets include land, buildings and improvements, and furniture and equipment and are recorded (net of accumulated depreciation, if applicable) in the Government-wide financial statements. All assets with a useful life exceeding one (1) year are recorded as capital assets. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the Government-wide financial statements. Purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Equipment and furniture	5 - 7 years

The Cemetery has no assets that would be classified as infrastructure assets.

8. Comparative Data

Comparative data for the prior year has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

9. Accounting Change

As of January 1, 2004, the Cemetery implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Cemetery's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Cemetery's activities have been provided.
- Capital assets reported on the statement of net assets include all applicable assets in the amount of \$67,136, which was previously reported in the General Fixed Assets Account Group.
- Long-term obligations reported on the statement of net assets include a land contract payable of \$25,949, which was previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

This implementation has also required certain disclosures to be made in the notes to the financial statements concurrent with the implementation of Statement No. 34 based on GASB Statement No. 38. Certain note disclosures have been added and/or amended, including descriptions of activities of major funds and interfund balances and transactions, and various other disclosures.

Maple Grove Cemetery Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE B: CASH AND CASH EQUIVALENTS

In accordance with Michigan Compiled Laws, the Maple Grove Cemetery Authority is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), and the National Credit Union Administration regulations provide that deposits of governmental units are to be separately insured for savings deposits and demand deposits up to \$100,000 each. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits of the Authority are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Maple Grove Cemetery Authority.

As of December 31, 2004, the carrying amount and market values for each investment are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking	\$ 2,072	\$ 1,913
Savings	<u>30,448</u>	<u>30,448</u>
TOTAL	<u>\$ 32,520</u>	<u>\$ 32,361</u>

As of December 31, 2004, the Cemetery's deposits were insured by the FDIC for \$32,361.

Maple Grove Cemetery Authority
NOTES TO FINANCIAL STATEMENTS

December 31, 2004

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Balance Jan. 1, 2004	Additions	Disposals	Balance Dec. 31, 2004
Land	\$ 52,182	\$ -	\$ -	\$ 52,182
Building and improvements	2,100	2,550	-	4,650
Furniture and equipment	<u>12,854</u>	<u>-</u>	<u>(5,725)</u>	<u>7,129</u>
	67,136	2,550	(5,725)	63,961
Less accumulated depreciation for:				
Buildings and improvements	(2,100)	(510)	-	(2,610)
Equipment, furniture, and books	<u>(12,854)</u>	<u>(-)</u>	<u>5,725</u>	<u>(7,129)</u>
Total accumulated depreciation	<u>(14,954)</u>	<u>(510)</u>	<u>5,725</u>	<u>(9,739)</u>
Capital assets, net	<u>\$ 52,182</u>	<u>\$ 2,040</u>	<u>\$ -0-</u>	<u>\$ 54,222</u>

Depreciation expense was wholly allocated to the lone governmental function (general government) in the amount of current depreciation expense of \$510.

NOTE D: LONG-TERM DEBT

The following is a summary of changes in long-term debt obligations of the Cemetery for the year ended December 31, 2004.

	Balance Jan. 1, 2004	Additions	Deletions	Balance Dec. 31, 2004	Amounts Due Within One Year
Land contract payable	<u>\$ 25,949</u>	<u>\$ -</u>	<u>\$ 12,476</u>	<u>\$ 13,473</u>	<u>\$ 13,473</u>

Significant details regarding outstanding long-term debt (including current portions) are presented below:

Land Contract

\$37,500 Land contract dated December 18, 2002, due in annual installments of \$14,551 through December 18, 2005, with interest at 8 percent, payable annually. \$ 13,473

The annual requirement to pay the debt principal and interest outstanding for the Long-Term Debt is as follows:

Year Ending December 31,	Principal	Interest	Total
2005	<u>\$ 13,473</u>	<u>\$ 1,078</u>	<u>\$ 14,551</u>

NOTE E: RISK MANAGEMENT

The Authority is exposed to various risks of loss for liability and property, for which the Authority carries commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

Maple Grove Cemetery Authority

Special Revenue Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2004

	Budgeted amounts			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental - local	\$ 14,600	\$ 14,600	\$ 14,589	\$ (11)
Burials	8,000	8,000	15,430	7,430
Lot sales	4,000	4,000	4,400	400
Foundations	2,000	2,000	2,692	692
Interest	-	-	200	200
Contributions	-	-	2,550	2,550
Miscellaneous	-	-	1,415	1,415
TOTAL REVENUES	28,600	28,600	41,276	12,676
EXPENDITURES				
Current				
General government				
Supplies	1,500	500	211	289
Cemetery maintenance	10,500	9,460	7,043	2,417
Building maintenance	2,000	4,148	4,148	-0-
Insurance	1,100	1,100	1,058	42
Contracted services	7,000	7,842	7,485	357
Professional fees	800	850	850	-0-
Secretary and Treasurer fees	1,500	1,300	1,275	25
Burial services	5,000	5,000	4,255	745
Purchased plots	1,200	400	-	400
Debt service	14,600	14,600	14,551	49
Capital outlay	-	-	2,550	(2,550)
TOTAL EXPENDITURES	45,200	45,200	43,426	1,774
EXCESS OF REVENUES (UNDER) EXPENDITURES	(16,600)	(16,600)	(2,150)	14,450
Fund balance, beginning of year	34,642	34,642	34,642	-0-
Fund balance, end of year	\$ 18,042	\$ 18,042	\$ 32,492	\$ 14,450

Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA

Karen A. Roka, CPA
James A. Huguelet, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA
Kurt M. Lemmen, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

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and
Michigan Association of
Certified Public
Accountants

MANAGEMENT LETTER

To the Board of Directors
Maple Grove Cemetery Authority
Ovid, Michigan

Ladies/Gentlemen:

As you know, we have recently completed our audit of the Maple Grove Cemetery Authority's records for the year ended December 31, 2004. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the systems. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. The Authority should establish a capitalization threshold in order to track material assets purchased.

During the course of our audit, it was noted the Authority does not have a formal written capitalization threshold policy in place. This policy would set forth a dollar threshold for items purchased by the Authority, which would be considered material, long-lived assets that should be capitalized and depreciated.

We suggest the Authority adopt a capitalization threshold policy.

This condition was considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the financial statements, and this report does not affect our report on the financial statements dated February 1, 2005.

This report is intended solely for the information of the Board of Directors of the Maple Grove Cemetery Authority and is not intended to be used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these conditions with you and to provide assistance in the implementation of improvements.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 1, 2005